



# Missouri Department of Natural Resources Energy Center

## MISSOURI ENERGY BULLETIN

September 8, 2005

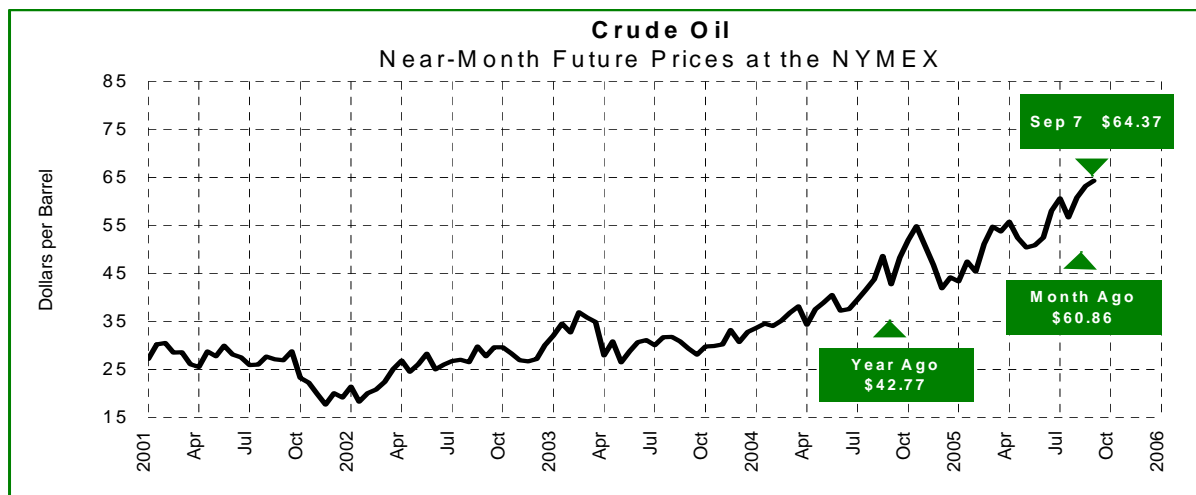
### Crude Oil

On Sept. 7, NYMEX crude oil futures settled at \$64.37, down from the new record closing price of \$69.81 set on Aug. 30 due to damages sustained in the oil producing Gulf Coast region.

*Crude Oil - Near Month Future Prices (dollars per barrel)*

	<u>09-07-05</u>	<u>08-03-05</u>	<u>change</u>	<u>09-08-04</u>	<u>change</u>
NYMEX	\$64.37	\$60.86	up 6%	\$42.77	up 51%

- Crude oil futures for October delivery on the NYMEX settled at \$64.37 per barrel on September 7, a loss of \$5.44 per barrel from the new record closing price of \$69.81 set on Wednesday, August 30. Crude oil prices were pressured higher as a result of damages sustained by oil producers and refiners in Louisiana, Mississippi and Alabama by Hurricane Katrina.
- Crude prices increased to a new intra-day high at the NYMEX at \$70.85 with the closing of several Gulf Coast refineries, offshore production wells and distribution pipelines. According to the U.S. Minerals Management Service (MMS), 901,726 barrels per day of crude oil production, or over 60% of U.S. oil output from the Gulf Region remained closed as of Sept. 8. Katrina initially reduced oil production by an estimated 1.4 million barrels per day.
- Domestic crude oil stocks fell 6.4 million barrels to 315 million barrels for the week ending Sept. 2, yet remain 29.3 million barrels higher than this time last year. Crude oil imports were down 932,000 bpd at 9.53 million bpd while refinery utilization was down sharply by 10.3 percentage points at 86.8% of capacity. Midwest refineries reduced operations due to a lack of crude oil from the Gulf.



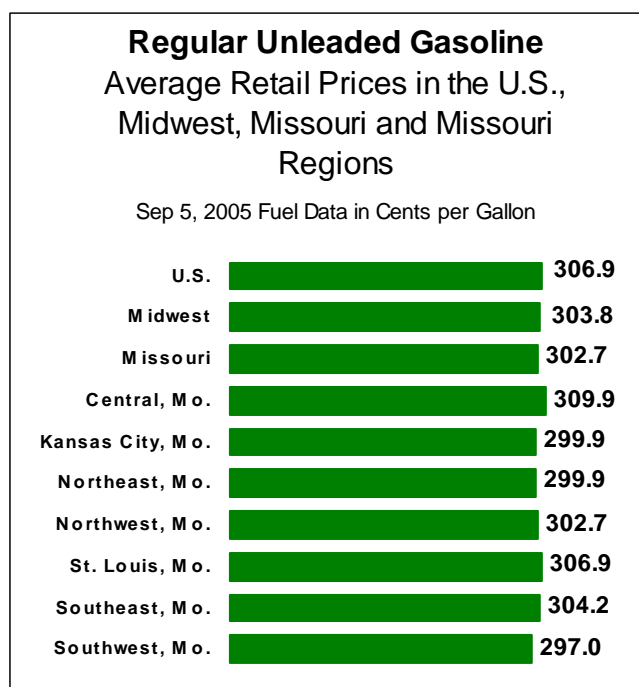
## Transportation Fuels

On Sept. 5, Missouri's average retail price for regular unleaded gasoline set a new record price of \$3.02 per gallon, a 79 percent increase from last year at this time. Missouri's average diesel price also set a new record at \$2.79 per gallon, or 57 percent higher than last year at this time.

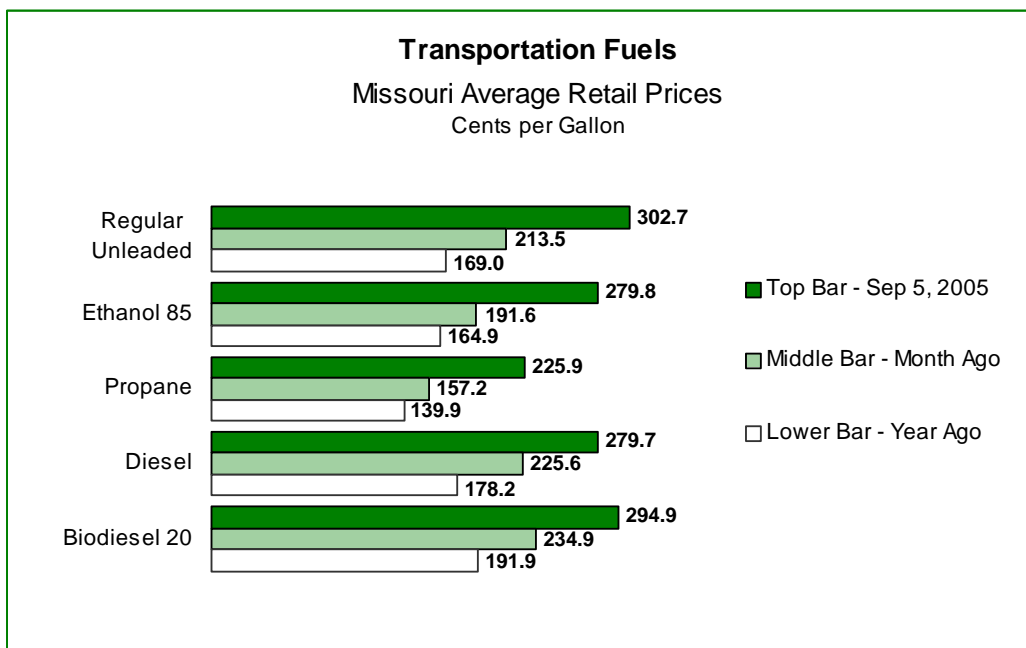
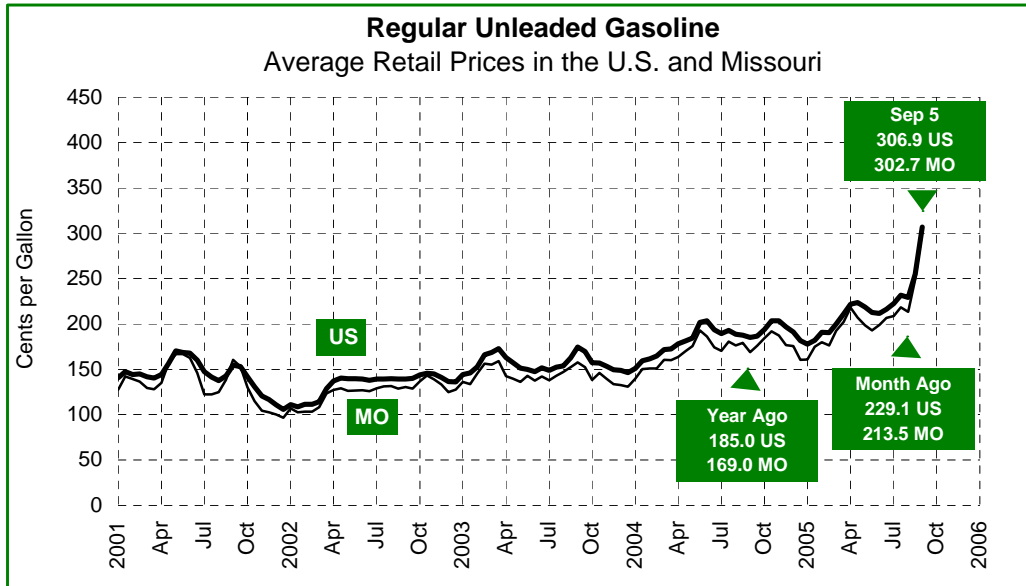
<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>09-05-05</u>	<u>08-01-05</u>	<u>change</u>	<u>09-06-04</u>	<u>change</u>
US	306.9	229.1	up 34%	185.0	up 66%
Missouri	302.7	213.5	up 42%	169.0	up 79%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>09-05-05</u>	<u>08-01-05</u>	<u>change</u>	<u>09-06-04</u>	<u>change</u>
Missouri	279.7	225.6	up 24%	178.2	up 57%

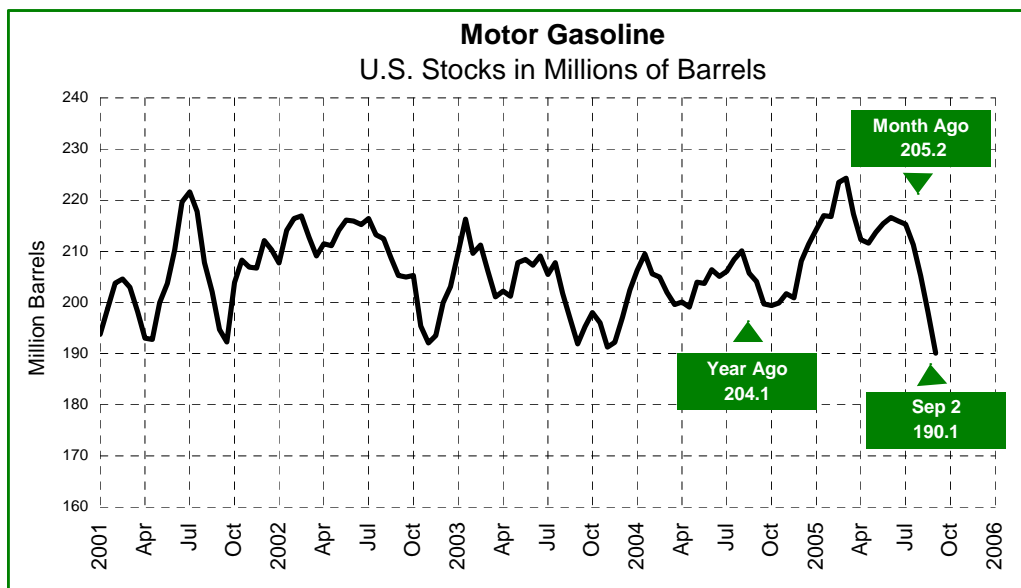
- Missouri retail gasoline prices set a new record of \$3.02 per gallon on Sept. 5. Gas prices continue higher following record setting crude oil prices since August and higher wholesale gas prices following Hurricane Katrina. Missouri's statewide average retail price is now 42 percent and 79 percent higher from last month and last year, respectively. In spite of a 370,000 barrel per day fall in consumer demand for gasoline for the week ending Sept. 2, refinery closings, pipeline closings combined with lower inventories of gasoline are helping to support much higher retail prices throughout the U.S.
- Due to damages to the oil industry from Hurricane Katrina and a potentially lengthy recovery period, the EIA on Sept. 7 projected that U.S. gasoline prices will average just under \$2.60 through the rest of 2005. Gas prices are expected to fall from their current level as the oil industry recovers, as larger volumes of gasoline imports arrive in the U.S. and as a result of the Environmental Protection Agency's (EPA) allowance for marketers to dispense winter grade fuels to prevent localized shortages.



- Missouri's average retail price for diesel fuel set a new record at \$2.79 per gallon on Sept. 5. State diesel fuel prices are 101.5 cents or 57 percent higher compared to last year at this time. U.S. retail diesel fuel prices experienced a new all-time nominal high for the fourth week in a row and an all-time one-week price increase, gaining 30.8 cents to reach 289.8 cents per gallon.
- According to the EIA as of Sept. 7, U.S. diesel prices are expected to average above \$2.70 through the end of 2005.



Motor Gasoline - Total Stocks (millions of barrels)					
	09-02-05	07-29-05	change	09-03-04	change
US	190.1	205.2	down 7%	204.1	down 7%



- For the week ending Sept. 2, U.S. gasoline supplies fell by 4.3 million barrels to 190.1 million barrels, as U.S. gasoline production fell 736,000 barrels per day from the prior week while imports fell by 409,000 barrels per day. Gas supplies are 14 million barrels below last year's level at this time and stand below the 5-year average price band. Implied demand fell 379,000 barrels per day from the prior week to 9.027 million barrels per day. Last year at this time, demand stood at 9.453 million barrels per day.
- Distillate stocks, which include heating oil and diesel fuel, fell 800,000 barrels to 134.4 million barrels. Production fell to 3.8 million barrels per day, while imports fell to 280,000 barrels per day. Implied demand was 3.9 million barrels per day, nearly unchanged compared to this time last year.

### Natural Gas

Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

**On Sept. 7, natural gas futures closed at \$11.20 per MMBtu, an increase of \$2.85 since last month and \$6.57 or 142% higher than this time last year.**

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	09-07-05	08-03-05	change	09-08-04	change
NYMEX	\$11.20	\$8.35	up 34%	\$4.63	up 142%

- Following a dramatic run up in the price of natural gas from Hurricane Katrina, U.S. natural gas spot prices decreased sharply since Wednesday, August 31, as milder temperatures moved in through the Lower 48 States and some shut-in Gulf production returned to market. For the week ending Sept. 7, the NYMEX futures contract for October delivery at the Henry Hub declined about 27 cents since last Wednesday to close at \$11.201 per MMBtu.
- According to the EIA as of Sept. 7, natural gas prices are expected to range from \$11 to \$13 per thousand cubic feet (mcf) through the end of 2005.
- The U.S. Minerals Management Service reported that as of Wednesday, September 7, shut-in natural gas production is 4.0 Bcf per day, which is equivalent to 40 percent of the daily gas production in the Federal offshore Gulf of Mexico. Last week immediately following Hurricane Katrina, reported shut-

in gas production reached as high as 8.798 Bcf per day. Cumulative shut-in gas production since August 26 is 71.664 Bcf as of Sept. 7.

- According to the EIA, U.S. working gas in underground storage was 2,669 Bcf as of Sept. 2, which is 3.7 percent above the 5-year average inventory level for the report week.

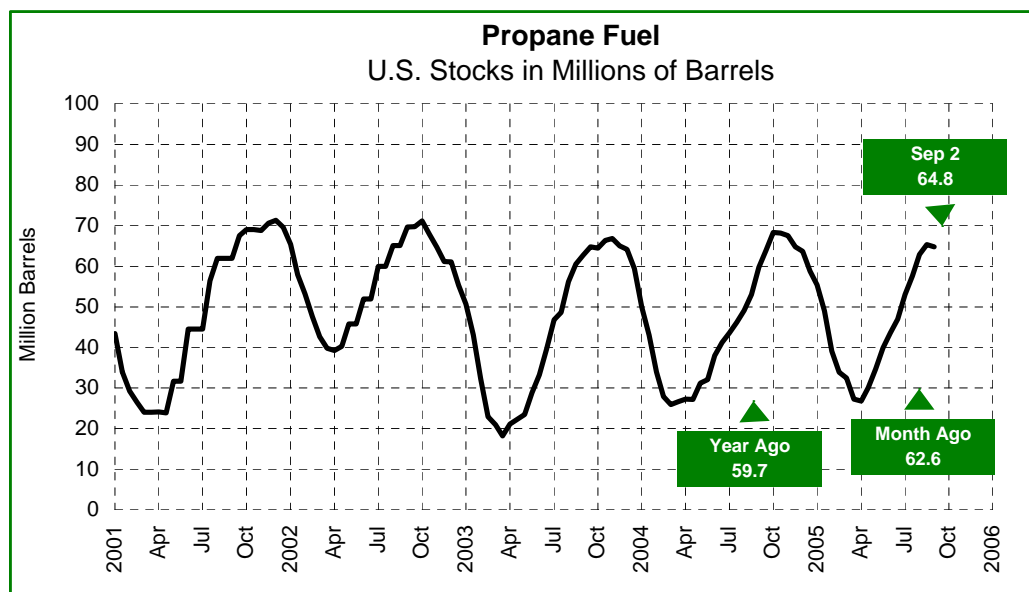
## Propane

Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

**Missouri's average retail propane price was \$1.573 per gallon on Sept. 5, up 16.9 cents from a month ago, and \$0.28 or 22 percent higher than a year ago.**

<i>Propane - Residential Prices (cents per gallon)</i>					
	<u>09-05-05</u>	<u>08-01-05</u>	<u>change</u>	<u>09-06-04</u>	<u>change</u>
Missouri	157.3	140.4	up 12%	129.3	up 22%

- U.S. propane supplies increased 1.5 million barrels to an estimated 64.8 million barrels as of Sept. 2. Last year at this time, U.S. inventories stood at 59.7 million barrels. Midwest supplies increased by 550,000 barrels to 23.3 million barrels for the week ending Sept. 2. Midwest supplies are nearly 0.11 million barrels higher than at this time last year. U.S. and Midwest supplies of propane are at the upper range of supply for this time of year.



The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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